



# FY 2003 Highlights

- Unqualified, or Clean, Opinion
- Financial Management Improvements
- \$32.0 Million General Fund Surplus
- \$897.4 Million General Fund Balance



# FY 2003 General Fund Surplus

(\$ in millions)

	Revised Budget	Actual	Actual vs. Revised	Percent Variance
<b>Revenues</b>				
Taxes	\$3,186.5	<b>\$3,293.4</b>	\$106.9	3.4%
All Other General Fund Source	\$654.3	<b>\$573.5</b>	(\$80.8)	-12.3%
TOTAL	\$3,840.8	<b>\$3,866.9</b>	\$26.0	0.7%
<b>Expenditures</b>				
FY 2003	\$3,815.4	<b>\$3,778.2</b>	\$37.2	1.0%
FY 2004 Advance to Public Education	\$35.0	<b>\$35.0</b>		
<b>Revenues vs. Expenditures</b>		<b>\$53.7</b>		
Accounting Adjustments		<b>(\$21.7)</b>		
<b>SURPLUS</b>		<b>\$32.0</b>	<b>(0.8% of revenues)</b>	



# FY 2003 General Fund Balance

Reserved and Designated	\$813.2 mil.
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<i>Emergency/Contingency Cash Reserves</i>	<i>\$253.8 mil.</i>
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<i>Bond Escrow</i>	<i>\$213.2 mil.</i>
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<i>Restricted Use</i>	<i>\$152.0 mil.</i>
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<i>Other</i>	<i>\$194.2 mil.</i>
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Unreserved and Undesignated	\$84.2 mil.
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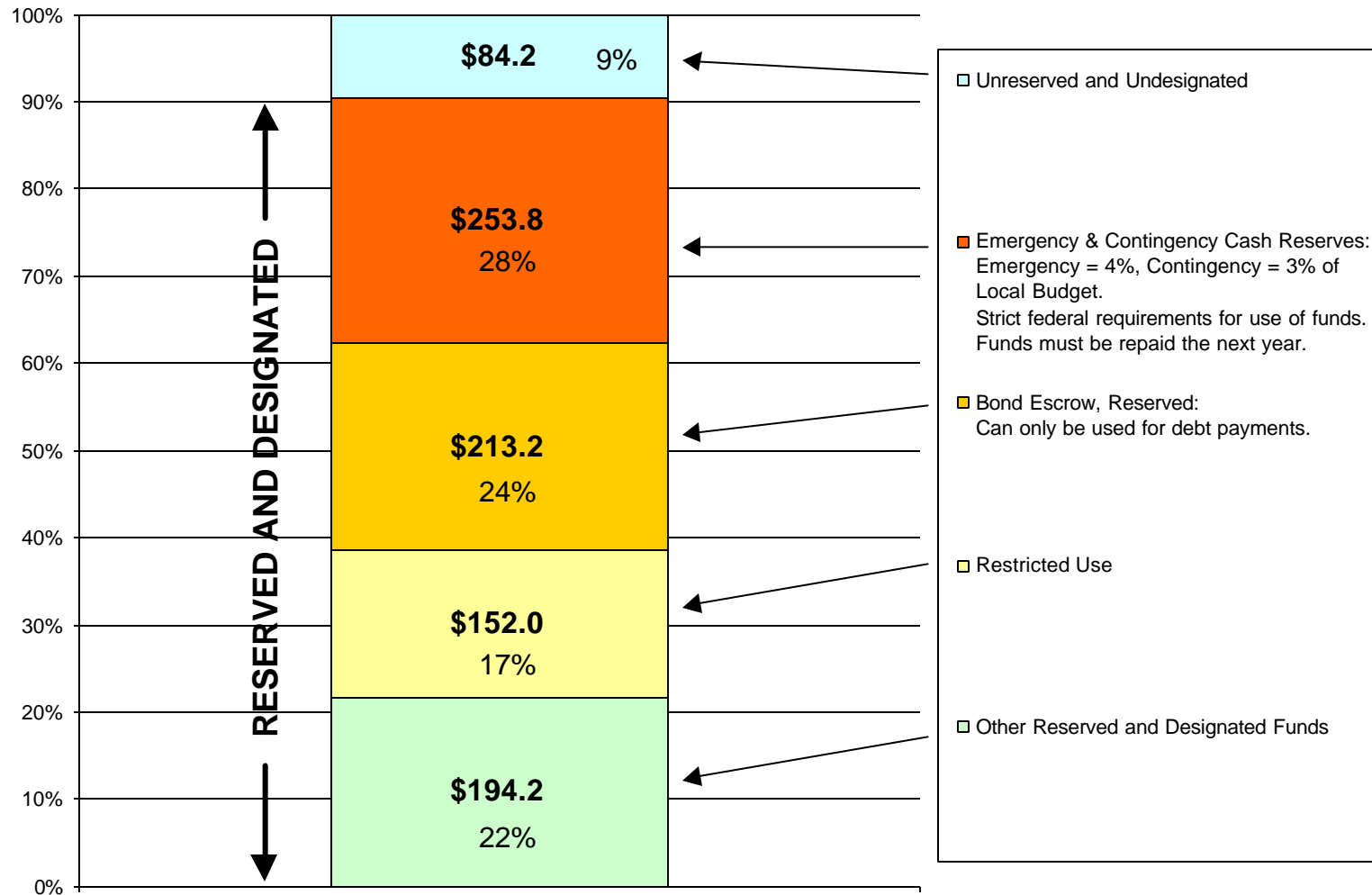
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TOTAL FUND BALANCE	<b>\$897.4 mil.</b>
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# FY 2003 General Fund Balance

(\$ in millions)



General Fund Balance

Total as of September 30, 2003: \$897.4 million.



# FY 2003 Federal Funds

Operating Budget Authority	\$1,889.0 mil.
Less Overestimated Medicaid Budget	<u>-\$90.5 mil.</u>
Net Budget Authority	\$1,798.5 mil.
Less Amount Spent	-\$1,614.9 mil.
Less Grant Lapse	-\$2.4 mil.
	<u>(0.15% of spending)</u>
Remaining for Future Year Use	\$181.2 mil.



# FY 2003 Lapsed Grants

	FY 2002	FY 2003
Lapsed Amount	\$2.8 mil.	\$2.4 mil.
Percent of Federal Grants Spending	0.20%	0.15%

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## Lapsed Grants by Category:

- Department of Health (DOH) - 42%  
*Note: DOH is awaiting approval from federal agencies of extension requests for \$6.4 million in grant funds.*
- DC National Guard - 27%
- University of the District of Columbia - 18%
- Metropolitan Police Department - 13%
- Other - 0.6%

# Mayor's FY2005 Budget Submission to the Council of the District of Columbia

## *Briefing on the Revenue Estimates*

Prepared by the OCFO

February 17th 2004

The Honorable Anthony A. Williams, Mayor

Natwar M. Gandhi, CFO

February 17, 2004



# ***Economic Growth Assumptions***

**that underlie Revenue Estimates  
to Accompany Mayoral FY2005 Budget submission  
to the Council of the District of Columbia**

	<b>FY2003</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>
<b>Personal Income</b>	4.3%	5.6%	4.9%	4.2%	4.1%	4.1%
<b>Resident Employment</b>	-0.1%	2.1%	1.4%	0.9%	0.8%	0.6%
<b>Households</b>	-0.6%	0.5%	0.9%	0.6%	0.5%	0.5%
<b>Jobs in DC</b>	0.2%	1.1%	1.0%	1.1%	1.1%	1.1%
<b>CPI</b>	3.0%	1.8%	2.0%	1.9%	2.1%	2.2%





# ***Real Estate Market in D.C.***

## **Revenue Estimates**

**to Accompany Mayoral FY2005 Budget submission to the Council of the District of Columbia**

- We forecast an increase in the number of households and in personal income. Both help sustain demand for single family and condominium housing, even with moderate increases in interest rates. The rapid increase in housing prices is expected to slow.
- We forecast continued strength in market for commercial real estate
  - The current Washington Metropolitan Area market attracts investors from around the world.
  - Within the Metropolitan Area and the nation, D.C. has relatively low vacancy rates
  - Net absorption of commercial space in D.C. is higher at the end of 2003 than 2002.
  - Forecast growth in total jobs to growth in commercial office space.



# ***Policy Actions that Come Into Effect***

**Revenue Estimates to Accompany Mayoral FY2005 Budget submission  
to the Council of the District of Columbia**

\$000,000	FY03	FY04	FY05	FY06	FY07	FY08
<b>12% cap on tax growth owner-occupied housing &amp; increased homestead exemption</b>		(27.6)	(31.0)	(26.2)	(21.3)	(9.3)
<b>Neighborhood Investment Trust</b>			(10.0)	(10.0)	(10.0)	(10.0)
<b>Housing Production Trust Fund</b>	(5.0)	(38.0)	(40.5)	(43.7)	(46.6)	(49.5)
<b>Tax Parity – Individual Income Tax</b>				(24.0)	(77.1)	(141)



# ***Revenue Estimates***

**to Accompany Mayoral FY2005 Budget submission  
to the Council of the District of Columbia**

\$000,000	<b>FY2003 Actual</b>	<b><u>FY2004</u> Feb 2004</b>	<b><u>FY2005</u> Feb 2004</b>	<b><u>FY2006</u> Feb 2004</b>	<b><u>FY2007</u> Feb 2004</b>	<b><u>FY2008</u> Feb 2004</b>
Tax Revenue	3,293.3	3,441.2	3,628.7	3,822.3	3,978.0	4,122.8
Non-Tax Non-Dedicated	303.8	286.6	292.4	284.6	289.9	286.2
Total Tax + Non-Dedicated + Lottery + Federal Project Funds	3,702.2	3,798.0	3,992.2	4,178.1	4,339.1	4,480.1
Policy changes coming into effect in FY04-08	(5.0)	(65.6)	(81.5)	(103.9)	(155.0)	(209.9)
One-Time Revenue	55.8					



# Revenue Estimates

to Accompany Mayoral FY2005 Budget submission  
to the Council of the District of Columbia

\$000,000	<u>FY2004</u> Feb 2004	<u>FY2004</u> Dec 2003	Variance	<u>FY2005</u> Feb 2004	<u>FY2005</u> Dec 2003	Variance
Tax Revenue	3,441.2	3,475.2	(34.3)	3,628.7	3,690.0	(61.3)
Non-Tax Non-Dedicated	286.6	289.9	(3.3)	292.4	295.9	(3.5)
Lottery	70.2	70.2		71.1	71.1	
Total Tax + Non-Dedicated + Lottery	3,798.0	3,835.6	(37.6)	3,992.2	4,057.0	(64.8)
Reasons for Variance from December Estimates	Tax Cap & Homestead Credit: (28 M) Revenue Initiative short of forecast: (4M) Slower growth 4 <sup>th</sup> Q 2003			Tax Cap & Homestead Credit: (31.0M) Neighborhood Investment Trust: (10M) Revenue Initiative short of forecast: (8.5M) Slower growth 4 <sup>th</sup> Q 2003		



## *Major Data Events between the February & May Estimates*

- FY 2005 property tax base more fully developed
- 1<sup>st</sup> half property tax billing completed for FY 2004
- Income tax returns due and majority of the returns processed: 1<sup>st</sup> reading on payments and refunds for FY 2004; 2<sup>nd</sup> reading on estimated FY 2004 estimated payments
- Blue chip and commercial forecasters update their economic forecasts based on CY 2004 1<sup>st</sup> quarter data



# Revenue Estimates

to Accompany Mayoral FY2005 Budget submission to the Council of the District of Columbia

FY 2002 - FY 2008 Revenue Actuals, Estimates and Projections for Mayoral Budget Submission to Council  
(thousands of dollars)

Revenue Source	FY 2002 Actual	FY 2003 Actual	FY 2004 Feb-04 Revision	FY 2005 Feb-04 Mayoral Submission	FY 2006 Feb-04 Proj.	FY 2007 Feb-04 Proj.	FY 2008 Feb-04 Proj.
<b>Total Property</b>	<b>803,389</b>	<b>901,888</b>	<b>976,837</b>	<b>1,064,108</b>	<b>1,170,269</b>	<b>1,267,169</b>	<b>1,355,507</b>
<b>Total Sales</b>	<b>668,837</b>	<b>694,494</b>	<b>726,425</b>	<b>760,526</b>	<b>793,683</b>	<b>826,256</b>	<b>859,805</b>
<b>Total Income</b>	<b>1,160,424</b>	<b>1,167,452</b>	<b>1,207,694</b>	<b>1,269,128</b>	<b>1,301,385</b>	<b>1,307,399</b>	<b>1,309,380</b>
<b>Total Gross Rec.</b>	<b>231,786</b>	<b>261,348</b>	<b>265,635</b>	<b>268,063</b>	<b>271,118</b>	<b>274,287</b>	<b>277,573</b>
<b>Total Other Taxes</b>	<b>283,146</b>	<b>268,192</b>	<b>264,626</b>	<b>266,905</b>	<b>285,910</b>	<b>302,975</b>	<b>320,510</b>
<b>TOTAL TAXES (w/ enhancements &amp; legislation)</b>	<b>3,147,582</b>	<b>3,293,374</b>	<b>3,441,217</b>	<b>3,628,730</b>	<b>3,822,365</b>	<b>3,978,086</b>	<b>4,122,775</b>
<b>TOTAL NON-TAX (w/ enhancements &amp; legislation)</b>	<b>272,759</b>	<b>303,857</b>	<b>286,672</b>	<b>292,447</b>	<b>284,699</b>	<b>289,940</b>	<b>286,290</b>
Lottery/Interfund Transfer	70,000	72,000	70,200	71,100	71,100	71,100	71,100
Federal Project Funds	-	33,000	-	-	-	-	-
<b>TOTAL NON-DEDICATED GENERAL FUND</b>	<b>3,490,341</b>	<b>3,702,231</b>	<b>3,798,089</b>	<b>3,992,277</b>	<b>4,178,164</b>	<b>4,339,126</b>	<b>4,480,165</b>
<b>Growth Rate</b>			2.6%	5.1%	4.7%	3.9%	3.3%

